

# **Cherwell District Council**

## **Accounts Audit and Risk Committee**

**18 March 2020**

<p><b>Housing Benefit and Council Tax Reduction Risk Based Verification</b></p>
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### **Report of Director of Finance**

This report is public

#### **Purpose of report**

To provide members of this Committee with an update on the Risk Based Verification (RBV) module and the online application form that were introduced for Housing Benefit and Council Tax Reduction new claims from November 2017, including any impact on the service; and to seek approval for some minor changes to the RBV policy.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the contents of this report.
- 1.2 To approve some minor changes to the RBV policy for the financial year 2020-2021.

#### **2.0 Introduction**

- 2.1 Risk Based Verification is a method of applying different checks to new claims for Housing Benefit and Council Tax Reduction according to the risk associated with these claims. The aim is to reduce the burden on customers to provide excessive evidence and enable low risk claims to be assessed and put into payment more quickly. Efforts can then be concentrated on those claims with a high-risk category where there is an increased chance of fraud and error.
- 2.2 This report is to provide members with an update on the impact of RBV and to seek member approval for some small changes to the Policy.

#### **3.0 Report Details**

##### **Risk Based Verification**

- 3.1 The RBV module was introduced in November 2017. An online application form is available for Housing Benefit and Council Tax Reduction new claims. This offers our customers the option of applying for help online and to have immediate

confirmation of the verification required to complete their claim. For customers who cannot apply online, the Customer Services Team continue to offer hard copy forms and/or appointments to assist with the online application. This has also helped to prepare our customers for Universal Credit Full Service which is an online process.

### Impact of RBV

- 3.2 Historically Cherwell District Council adopted the DWP Verification Framework which meant obtaining substantial evidence before determining claims for Housing Benefit and Council Tax Reduction. The introduction of RBV claims requires officers to adopt a new approach to claim verification. It is also important that the overarching policy is applied as future subsidy audits will be based on this.
- 3.3 The impact of the introduction of RBV has been carefully monitored. The table below shows the number of new claims for Housing Benefit and Council Tax Reduction received in the period 1<sup>st</sup> April 2019 to 31 December 2019\* and the risk score allocated to each claim. A further 205 new claims were received but due to technical issues and claims for Council Tax Reduction where a claim for Housing Benefit has already been received a risk score could not be calculated. These claims were assessed based on medium risk.

Month	Total number of new claims*	High Risk		Medium Risk		Low Risk	
		Number of High Risk Cases	Percentage of High Risk Cases	Number of Medium Risk Cases	Percentage of Medium Risk Cases	Number of Low Risk Cases	Percentage of Low Risk Cases
Apr-19	152	16	10.5	45	29.6	91	59.9
May-19	120	18	15	30	25	72	60
Jun-19	96	14	14.6	21	21.9	61	63.5
Jul-19	47	8	17	6	12.8	33	70.2
Aug-19	138	14	10.1	32	23.2	92	66.7
Oct-19	154	24	15.6	35	22.7	95	61.7
Nov-19	142	24	16.9	29	20.4	89	62.7
Dec-19	95	14	14.7	18	18.9	63	66.3

\*no management data available for Sept 2019 due to a systems issue

### Performance Indicators and the impact of RBV on service delivery

- 3.4 The performance in Benefits is measured, in part, by two national indicators. The performance indicator for new claims is based on the number of claims assessed and the average number of days taken to assess the claims. For changes in circumstances the indicator measures the number of changes and the average number of days taken to assess the change. As at 31 January 2020 the average time taken to process new claims is 11.78 days against a target of 15 days and a national average for Q3 of 2019-2020 of 20 days. The average time taken to process changes is 6 days against a target of 8 days and a national average for Q3 of 2019 – 2020 of 8 days.

Year	Average time taken to process new claims (days)	Average time taken to process changes (days)	Combined average time to process new and changes	National average Time taken to process new claims	National average time taken to process changes
17/18	24.87	9.3	10.4	22	8
18/19	13.63	7.82	8.31	21	8
19/20 to date	11.73	6	6.4	20	8

(The above national average time taken to process new claims and changes is derived from taking an average of the processing times for quarters one to four for each financial year.)

- 3.5 The performance data shown above indicates that RBV continues to have a positive impact on performance, taking into consideration the national average figures.
- 3.6 The impact on fraud and error is also being monitored against a robust baseline figure. The baseline figure measures the detection of fraud and error on claims found after assessment. On the introduction of RBV the baseline figure was 2.4%. Based on the period April 2019 to December 2019 that baseline figure is now 31%. We are currently working with the software suppliers to investigate why this may be. It looks likely that the risk model is generating a higher than expected level of low risk scores on Universal Credit claims where upon further investigation there are earnings and/or other income.

### **RBV Policy**

- 3.7 An updated RBV policy was approved by both members and the S151 Officer in March 2019. This policy must be reviewed each year but cannot be amended in-year as this would complicate the subsidy audit process.
- 3.8 The Policy for Cherwell District Council has now been reviewed (copy at Appendix one of this report) and some minor amendments have been made:
- The policy has been updated to reflect that evidence of earnings can be obtained via a DWP application called Verification of Earnings and Pensions (VEP). VEP alerts provide real time identification of changes in earnings and pensions so that claims can be processed more accurately. These have replaced Real Time Information files (RTI).
  - The policy has also been updated to allow for Universal Credit information to be obtained using DWP data systems such as Searchlight.
  - Those claims in the high risk group are subject to additional checks. The Policy has been updated to include the option of a telephone call, a home visit or a credit check.

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 Risk Based Verification is an approach to verifying new claims for Housing Benefit and Council Tax Reduction.

- 4.2 Members are now requested to note the contents of this report and to endorse some small changes to the RBV Policy.

## **5.0 Consultation**

- 5.1 Consultation was carried out with officers and the original policy was agreed by members and the S151 Officer. Although no formal consultation took place with members of the public or stakeholders the change was fully communicated, and the updated policy will be placed on the website.

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: As RBV is a voluntary scheme the alternative would be to not adopt the scheme and for the verification procedure to remain "as is". This has been rejected as it is anticipated that it will become increasingly difficult to meet service demands based on current resources if the verification requirements remained as onerous as they previously were.

## **7.0 Implications**

### **Financial and Resource Implications**

- 7.1 There are no financial implications directly related to this information report.

Comments checked by:

Joanne Kaye, Strategic Finance Business Partner, 01327 221545

### **Legal Implications**

- 7.2 There are no legal implications directly related to this information report.

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious, 01295 221695

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### **Equality Implications**

Risk Based Verification Policy applies to all new claims for Housing Benefit and Council Tax Reduction. The mathematical model used to determine the Risk Score does not consider any of the protected characteristics within the Equalities Act. As such there should not be any equalities impact. An equalities impact assessment has been carried out.

Comments checked by:

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## **8.0 Decision Information**

### **Wards Affected**

All

### **Links to Corporate Plan and Policy Framework**

This links to the Council's priority of sound budgets and customer focused council

### **Lead Councillor**

Councillor Tony Ilott, Lead Member for Financial Management and Governance

### **Document Information**

<b>Appendix No</b>	<b>Title</b>
One	<i>Risk Based Verification Policy April 2020</i>
<b>Background Papers</b>	
None	
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